

VZCZCXR05959
PP RUEHTRO
DE RUEHTU #1136/01 2331630
ZNR UUUUU ZZH
P 211630Z AUG 07
FM AMEMBASSY TUNIS
TO RUEHC/SECSTATE WASHDC PRIORITY 3707
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0921
RUEHAS/AMEMBASSY ALGIERS PRIORITY 7516
RUEHLO/AMEMBASSY LONDON PRIORITY 1342
RUEHNK/AMEMBASSY NOUAKCHOTT PRIORITY 0903
RUEHFR/AMEMBASSY PARIS PRIORITY 1816
RUEHRB/AMEMBASSY RABAT PRIORITY 8425
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY 0130
RUEHCL/AMCONSUL CASABLANCA PRIORITY 4130
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUCPDOC/USDOC WASHDC PRIORITY

UNCLAS SECTION 01 OF 03 TUNIS 001136

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STATE FOR EB (DIBBLE), NEA/MAG (HARRIS),
EEB/TRA/AN (FINSTON), H
STATE PASS USTR (BUNTIN) AND USAID (MCLOUD)
USDOC FOR ITA/MAC/ONE (HOLLY VINEYARD AND NATHAN MASON) AND
ADVOCACY CTR (JAMES)
CASABLANCA FOR FCS (ORTIZ)
LONDON AND PARIS FOR NEA WATCHER

E.O. 12958: N/A
TAGS: FAIR ECON EINV ETRD TS
SUBJECT: CODEL COSTELLO PROMOTES OPEN SKIES AGREEMENT AND
REVIEWS PORT SECURITY

REF: A. TUNIS 1106

1B. TUNIS 192

Summary

11. (SBU) During a August 18-20 visit to Tunisia, the 11 members of CODEL Costello were warmly welcomed by GOT officials, who were eager to highlight Tunisia's economic success and express their enthusiasm for the recently founded Tunisia caucus. Prime Minister Mohamed Ghannouchi focused on the economy and opportunities for increasing US investment, with members of the delegation encouraging GOT consideration of franchising and of a US-Tunisian Open Skies Agreement. During the delegation's meeting with the Minister of Foreign Affairs, Abdelwahab Abdallah talked at length of the strength of US-Tunisian friendship and emphasized Tunisia's commitment to defending liberty. In response to the Ambassador's and the delegation's questions about the potential for an Open Skies Agreement, Minister of Transport Abderrahim Zouari stated that President Ben Ali has instructed the Ministry to finalize a direct aviation line to the United States and that the Embassy will receive a response to the draft text "within the next few days." He indicated that the GOT agrees on the "broad lines." The delegation capped off their stay in Tunisia with a visit to the Port of Rades to view security procedures. End Summary.

12. (U) CODEL Costello participants as follows:

REP. JERRY COSTELLO (D-IL)
REP. JOHN DUNCAN (R-TN)
REP. SOLOMON ORTIZ (D-TX)
REP. BUD CRAMER (D-AL)
REP. LUIS GUTIERREZ (D-IL)
REP. TIM HOLDEN (D-PA)
REP. NYDIA VELAZQUEZ (D-NY)
REP. LEONARD BOSWELL (D-IA)

REP. RUBEN HINOJOSA (D-TX)
REP. MICHAEL CAPUANO (D-MA)
REP. HENRY BROWN (R-SC)

Prime Minister Stresses US Investment

¶3. (SBU) In his meeting with the CODEL, Prime Minister Mohamed Ghannouchi focused on Tunisia's economic success and future challenges, rattling off a string of economic statistics. Ghannouchi stated that the United States is a "privileged partner" in Tunisia and that he hopes to attract increased US investment. He highlighted Tunisia's stable growth (4.5 percent over the past five years), large middle class (80 percent), and low poverty rate (3.9 percent), but acknowledged that in order to reduce unemployment and raise living standards Tunisia would have to enhance reform efforts. Chairman Costello noted the delegation's interest in strengthening US-Tunisian relations and finding ways to bring more US investment to Tunisia. Ghannouchi emphasized the currently low level of US investment, pointing out that just 60 out of 2800 foreign companies are American and only USD 200 million out of USD 20 billion in foreign investment is American. (Note: These figures differ from Embassy figures, due to differences in methodologies. Embassy estimates total US investment at around USD 700 million, with some 67 US companies present in Tunisia. End Note.) He identified car and plane part manufacturing, the El Houaria electricity project, Enfidha deep water port tender, and Djerba desalinization plant as potential opportunities for US investment.

¶4. (SBU) Costello raised the possibility of an Open Skies

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agreement and encouraged the GOT to enter into discussions. Ghannouchi noted Tunisia's goal to become a hub for services and that this would require transport upgrades, including in the aviation sector. He stated that the GOT is targeting 8 percent growth in services. Rep. Nydia Velazquez, who chairs the House Small Business Committee, stressed the potential of franchising to tackle job creation and strengthen the economy. Ghannouchi responded that the GOT will consider franchising, but remarked that there are already a few areas where franchising exists. He stated that authorization for franchises depends on needs and the investment.

¶5. (SBU) In response to Rep. Cramer and Rep. Boswell's comments on the importance of cooperation on security issues, Ghannouchi agreed that international cooperation is crucial to fight terrorism but stressed that it is also important to resolve the sources of terrorism, such as poverty and poor education. Ghannouchi also welcomed Rep. Cramer's work to advance US-Tunisian relations through the creation of a Tunisia caucus.

MFA Praises Long History of Friendship

¶6. (SBU) Before embarking on a nearly 45 minute soliloquy on the history of US-Tunisian friendship, the importance of liberty, and Tunisia's developmental success, Minister of Foreign Affairs Abdelwahab Abdallah thanked Rep. Cramer and praised the inauguration of the Tunisia Caucus. Abdallah stated that Tunisia has chosen "to defend liberty externally and internally", calling Tunisia's choice of democracy an "irreversible process." He also highlighted Tunisia's vigilance with regard to security issues and emphasized Tunisia's "full" cooperation with the United States in confronting terrorism. When Chairman Costello asked about Tunisia's political reforms, Abdallah stated that since 1987 President Ben Ali has helped guarantee pluralism and noted that there are now six different political parties represented in the parliament. Abdallah emphasized that

political parties need to develop, but highlighted GOT support of political parties' newspapers as a means to help political parties express their opinion.

Minister of Transport Supports Open Skies

¶ 17. (SBU) Minister of Transport Abderrahim Zouari started the meeting by recalling his 1997 visit to the State Department as Minister of Foreign Affairs in celebration of the 1797 agreement on commercial exchanges and navigation. Zouari stated that US-Tunisian cooperation was richer than ever, but that there remained much to do in regard to aviation cooperation. Zouari stated that President Ben Ali has given instructions to the Ministry to ensure there are direct flights to the United States and Canada. He noted that he had received the preliminary Open Skies text and there is agreement on the "broad lines." Zouari told the group that the Ministry will provide a response to the text "within the next few days." Zouari additionally stressed the readiness of Tunisair to enter into codeshare agreements with US airlines. Ambassador Godec raised the visit of the interagency economic delegation as another opportunity to advance these issues, also noting his desire for future meetings with the Minister.

¶ 18. (SBU) In a brief side meeting with Ambassador Godec, Chairman Costello, and Rep. Jimmy Duncan, as well as during the larger meeting, Chairman Costello encouraged Zouari to follow-up with Ambassador Godec on the potential Open Skies Agreement and Northwest Airlines' codeshare request. Costello emphasized the positive impact a direct line would

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have on tourism and investment. After Zouari stated that Tunisair will launch a tender for the purchase of 20 new planes at the end of the year, Costello urged Zouari to consider Boeing planes as Tunisair renews its fleet over the next several years. Zouari indicated, as he has previously (Ref B), that Boeing's chances of winning the tender would improve if they manufactured components and spare parts in Tunisia. When Costello asked if Zouari had met Secretary of Transportation Mary Peters, Zouari extended an invitation to Secretary Peters to visit Tunisia, and stated that he

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welcomed the opportunity to meet with her.

Port Security

¶ 19. (U) During a visit to the Port of Rades, Tunisia's main container port, the group met with the Director General of the Merchant Marine and Ports Office (OMMP) Samir Hakimi and the OMMP's Director of Port Security and Safety Sahbene Ben Fadhel. Hakimi and Ben Fadhel noted that the Port is in full compliance with the International Ship and Port Facility Security Code and has been recognized for security best practices. The delegation was given a demonstration of the Port's container scanning procedures. The OMMP stated that 100 percent of all imported and exported containers are scanned.

Comment

¶ 10. (SBU) The GOT welcomed CODEL Costello's visit as an opportunity to demonstrate Tunisia's success and the strength of US-Tunisian relations. Though GOT officials did not stray far from their previous statements, the delegation's visit helped to raise economic issues such as franchising and the Open Skies Agreement and therefore lay the groundwork for the planned September visit of an interagency economic

delegation.

¶11. (U) CODEL Costello did not have a chance to clear this message before departing Tunisia.
GODEC